TO: Roy Whalen   **DATE:** March 23, 1994

FROM: Jennifer Lichtman / Satish Medakkar

SUBJECT: <u>Michigan State Excise Tax (SET) Increase Analysis</u>

Listed below are the types of data we will be examining to analyze the effect of the 50¢ excise tax increase.

- Geos: Nielsen integrated panel data in section 42 (aggregated and disaggregated).
- Measures such as Volume, Price (both carton & pack), Share, SDI (Share Development Index) for Marlboro, premium, discount and deep discount brands.
- Set up data at the individual store level in order to:
  1. Segment the stores based on location i.e. border counties in MI, core counties in MI and counties bordering MI such as IN, OH & MN.
  2. Perform regression analysis on the time series data to project volume.
  3. Calculate absolute and % price gaps to analyze volume shifts, if any (for example premium to discount, Marlboro to discount, Marlboro to Basic, etc.).
- Time: Gather historical data for the past two years and collect weekly data (possibly till Sept. '94)to determine the impact of SET increase, compare actual vs. forecast, etc.
- Collect casual data to factor in the promotional activities by manufacturers to counter SET increase.
- Append demographics descriptors to store data to better understand threshold pricing, brand loyalties, etc.

In addition, we would also like to set up Store Panels to get better coverage and over sample C-stores (since we are limited in the Nielsen integrated panel).

Please let us know if you would like us to gather any additional information or have any suggestions.

2060093807